

- M. The facility's "Allowable All Other Cost Per Diem" shall be the lesser of the facility's "All Other Cost Per Diem" or the "Maximum All Other Cost Per Diem" for the applicable array.
- N. If the facility's "All Other Cost Per Diem" is equal to or less than 110% of the median "All Other Cost Per Diem" for the applicable array, then the facility shall receive an "All Other Cost Savings Incentive Per Diem" which shall be equal to 10% of the difference between the facility's "All Other Cost Per Diem" and the "Maximum All Other Cost Per Diem" for the applicable array. This Cost Savings Incentive shall not exceed \$1.50 per day.
- O. The facility's "All Other Per Diem Payment Rate" shall be equal to the total of the "Allowable All Other Cost Per Diem" and the "All Other Cost Savings Incentive Per Diem."
- P. Add on Per Diems of \$1.38 to cover universal precautions cost, \$0.38 to cover indirect nurse aide training costs attributable to replacement of nurse aides in training or testing status, and \$0.04 to cover medical director costs shall be included in the facility's rate through June 30, 1991.

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Supersedes  
TN # None

Approval  
Date SEP 28 '90

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- Q. The facility's "Computed Rate" shall be equal to the total of the "Nursing Services Per Diem Payment Rate," "All Other Per Diem Payment Rate," applicable add on per diems and any adjustments computed under Section 110 or 111 which were not included in the arrayed cost for Nursing Services or All Other Cost.
- R. If applicable, a "Hold Harmless" add on amount computed under Section 108 shall be added to the computed rate.

110. ADJUSTMENT TO PROSPECTIVE RATE

A. Upon request by participating facility, an increase in the prospective rate (subject to the upper limits) shall be considered if the cost increase is attributable to one of the following reasons:

1. Governmentally imposed minimum wage increases, unless the minimum wage increase was taken into account and reflected in the setting of the trending and index factor;
2. Direct effect of newly published licensure requirements or new interpretations of existing requirements by the appropriate governmental agency as issued in regulation or written policy material which affects all facilities within the class. The provider shall demonstrate through proper documentation that a cost increase is the result of a new policy interpretation; or
3. Other direct governmental actions that result in an unforeseen cost increase (for OBRA 1987 see Section 111).

To receive a rate increase (except for Federal or State minimum wage increases), it shall be demonstrated by the facility that the amount of cost increase resulting directly from the governmental action exceeds on an annualized basis the inflation factor allowance included in the prospective rate for the general cost area in which the increase occurs. For purposes of this determination, costs shall be classified into two general categories, Nursing Service and All Other Cost. Within each of these two categories, costs are to be further broken down into "salaries and wages" and "other costs." Those costs directly related to salaries and fringe benefits are to be considered as "salaries and wages" when determining classifications.

Other unavoidable cost increases of a substantial nature which can be attributed to a single unique causal factor shall be evaluated with respect to allowing an interim rate change. Ordinary budget items such as food, utilities, and interest where cost increases may occur in a generalized manner are excluded from this special consideration. Secondary or indirect effects of governmentally imposed cost increases shall not be considered as "other unavoidable cost increases."

The increase in the prospective rate shall be limited to the amount of the increase directly attributable to the governmental action to the extent that the increase on an annualized basis exceeds the inflation factor allowance included in the prospective rate for the cost center in question. In regard to minimum wage increases, the direct effect is defined as the time worked by total facility employees times the dollar amount of change in the minimum wage law. However, the amount allowed cannot exceed the actual salary and wage increase incurred by the facility in the month the minimum wage increase is effective. An exception to this shall be considered when there is an unusual occurrence which causes a decrease in the normal staff attendance in the months the minimum wage increase is effective.

The effective date of a prospective rate adjustment shall be the first day of the calendar month in which the direct governmental action occurred. To be allowable, a request for an adjustment to the prospective rate must be received by the Department within 60 days of the direct governmental action, except where the costs are to be accumulated.

If two or more allowable reasons for a rate change occur in the same facility fiscal year, the costs may be accumulated and submitted at one time. Each cost must be documented. A rate adjustment, if allowed, shall be effective the first day of the calendar month in which the latest direct governmental action occurred if the request is made within the required 60 days.

110A. RATE ADJUSTMENT FOR PROVIDER TAX

To take into account the cost of the provider tax effective July 1, 1993, the Department shall pay an add-on amount to each facility's rate effective August 1, 1993 based on the submission of an interim rate increase request (Schedule J-Tax). The portion of the taxes paid for the month of July 1993 which pertain to the Medicaid certified beds in the facility shall be used to compute an add-on to the facility's rate effective August 1, 1993. The information contained on the interim rate request shall correspond to the information contained in the Provider Tax Forms filed for the month of July, 1993. Facilities shall submit a Schedule J-Tax for each month through December 1993 (January submission to the Revenue Cabinet) along with the supporting Revenue Cabinet schedules. Schedule J-Tax forms shall be submitted by providers by the end of the month in which the corresponding filing with the Revenue Cabinet is made. The Department for Medicaid Services shall reconcile the tax add-on based on Schedule J-Tax forms filed subsequent to the August 1993 filing.

111. OTHER OBRA NURSING HOME REFORM COSTS

Effective October 1, 1990, and thereafter facilities shall be required to request preauthorization for costs that must be incurred to meet OBRA 87 Nursing Home Reform costs in order to be reimbursed for such costs. The preauthorization must show the specific reform action that is involved and appropriate documentation of necessity and reasonableness of cost. Upon authorization by the Program, the cost may be incurred. A request for a payment rate adjustment may then be submitted to the Program with documentation of actual cost incurred. The allowable additional amount shall be added on to the facility's rate (effective with the date the additional cost was incurred) without regard to upper limits or the CSI factor (i.e., the authorized Nursing Home Reform cost shall be passed through at 100 percent of reasonable and allowable costs) through June 30, 1991. For purposes of the July 1, 1991 rate setting, amounts associated with OBRA rate adjustments received prior to May 15, 1991 shall be folded into the applicable category of routine cost (subject to upper limits). Preauthorization shall not be required for nursing home reform costs incurred during the period July 1, 1990, through September 30, 1990; however, the actual costs incurred shall be subject to tests of reasonableness and necessity and shall be fully documented at time of the request

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for rate adjustment. Facilities may request multiple preauthorizations and rate adjustments (add-ons) as necessary for implementation of nursing home reform. Facility costs incurred prior to July 1, 1990, shall not (except for the costs previously recognized in a special manner, i.e., the universal precautions add-on and the nurse aide training add-on) be recognized as being nursing home reform costs. The special nursing home reform rate adjustments shall be requested using forms and methods specified by the agency. A nursing home rate adjustment shall be included within the cost base for the facility in the rate year following the rate year for which the adjustment was allowed. No interim rate adjustments for nursing home reforms shall be allowed for periods after June 30, 1993. For purposes of the July 1, 1992 and July 1, 1993 rate setting, all amounts associated with OBRA rate adjustments for the preceding rate year shall be folded into the applicable category of routine cost (subject to upper limits). All nursing home reform rate adjustment requests shall be submitted by September 30, 1993.

Kentucky Medical Assistance Program  
General Policies and Guidelines

Intermediate Care/  
Skilled Nursing Facilities

BED SIZE	MAXIMUM COMPENSATION
0 - 50	\$31,300
51 - 99	36,000
100 - 149	40,200
150 - 199	48,000
200+	49,200

These compensation maximums shall be increased on July 1 of each year by the Inflation Factor index for wages and salaries (Data Resources, Inc.).